

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-603-R - ORDER NO. 93-732
SEPTEMBER 1, 1993

IN RE: Generic Proceeding to Investigate the) ORDER
 manner in which Intrastate for-hire)
 Motor Carriers' Rate Regulation is)
 Administered.)

This matter comes before the Public Service Commission of South Carolina (the Commission) for a decision on its Docket established for the purpose of studying rates, ratemaking, tariffs and tariff filing procedures of regulated intrastate motor carriers operating in South Carolina.

After appropriate notice, a hearing was held on June 28, 1993 at 11:00 a.m. in the Commission's Hearing Room. The Honorable Henry G. Yonce, presided. The Commission Staff was represented by F. David Butler, General Counsel. The Intervenor, Southern Motor Carriers Rate Conference, Inc. was represented by John Martin, Esquire, and John W. Joyce, Esquire. The Staff presented the testimony of William C. Sheely, Jr. Southern Motor Carriers Rate Conference, Inc. presented the testimony of Russell L. Garrett. During the hearing comments sponsored by the Motor Truck Rate Bureau (MTRB) were made by Susan Cook of the South Carolina Movers Conference, Russell Stone of the Associated Petroleum Carriers, and Harold Kay of Smith & Waters. Comments

were also made by Alex McLeod of Calhoun Oil Company and Palmetto Petroleum Transports, Inc.

This hearing came about as a result of the review of many present tariffs and rates on file in the Transportation's Rate Department by the Commission Staff. The testimony of William C. Sheely, Jr. showed that Staff had noticed a constantly increasing file of discount rates, which appeared to vary widely from the filed tariffs. Among other things, Staff complained about tariffs filed with the Commission in different formats, with no table of contents present, and problems within the discount rates with regard to qualifying descriptions. Staff made a number of recommendations accordingly, including a band of 20% below the standard rate for less-than-truckload (LTL) commodities in general to be established, which would allow a transportation company to discount for customer by simply filing the rate, and without any Commission approval being required. No discount procedures were recommended for truckload commodities in general and petroleum products in bulk, nor for household goods. The Staff recommended that any discount greater than the set band should be filed with the Commission for approval with supporting data to show that it is compensatory. Under Staff's recommendation, the Commission could request justification for any discount rates on LTL carriers which falls within the established band, although no delay for approval would be required. If a review did not satisfy the Commission, the discount may be cancelled, and the Commission could require payment of the difference between the discount and

the filed rates.

Russell L. Garrett testified on behalf of the Southern Motor Rate Carriers Conference, Inc. Garrett believed that some concern arises under the present system as to whether small shippers are being forced to subsidize the expansion of discounts for some larger shippers. Garrett stated that, first, general rate increases are usually structured to reflect equal distribution of the entire additional cost burden throughout the carriers issue traffic. When applied to a rate structure which is rationalized by weight and distance, the rates of all similarly situated shippers are increased equally to reflect the carriers' cost experiences. Garrett testified that in today's competitive world, shippers with the greatest economic leverage, usually the largest shippers, are rewarded with the largest discounts, and that a disparity results in discount levels. Garrett agrees with the Staff's recommendation of a 20% band for less-than-truckload discounts, outside of which a carrier would have to seek Commission approval. Garrett also recommended a requirement that all general commodity carriers publish their entire LTL rate structure in a joint agency tariff, or in the same format as a joint agency tariff, with a prohibition against participating in more than one tariff, (other than governing publications applicable on South Carolina intrastate traffic). Garrett also recommends that off-bill discounting be eliminated, unless published in the tariff and disclosed to both the consignor and consignee. Southern Motor Rate Carriers, Inc. believes that the

changes mentioned above, plus other suggested changes in their testimony would help prevent unreasonable, discriminatory, and non-compensatory pricing without unduly straining legitimate price competition among carriers.

The statement of Harold Kay appearing on behalf of MTRB is significant. Kay is General Manager of Smith & Waters, and has held his position for 31 years. Smith & Waters handles LTL and truckload traffic as offered by the public. Kay states that in order to remain competitive on rates where the traffic warrants it, Smith & Waters does provides discounts on LTL lots. Kay believes that discounting is absolutely necessary in today's environment if a company is to handle LTL traffic. Smith and Waters does not discount truckload traffic, since commodity rates are provided on specific movement in order to retain the traffic.

The Commission has examined this matter and believes that the witnesses in this hearing have stated a number of reasonable concerns. Whereas the Commission believes that discounts filed with this Commission should be compensatory, this Commission does not believe that establishment of a 20% band on LTL discounts would be helpful to the Commission at this time. The Commission believes that each discount should be reviewed as filed, and that the Commission should consider each discount individually. The Commission sees no reason to change its past policies with regard to truckload commodities in general, petroleum products in bulk, household goods or goods in truckload lots.

The Commission is concerned, however, with the the fact that,

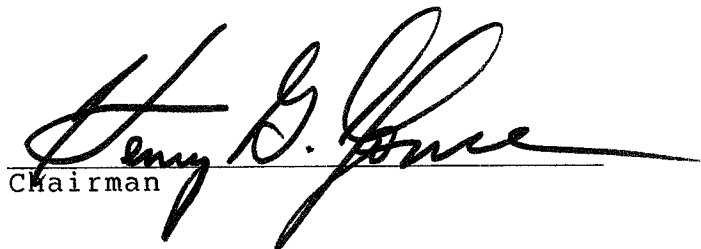
a number of tariffs are filed in a number of different formats, which makes it difficult, if not impossible, for the Commission Staff to review properly. The Commission also notes that a number of multi-page tariffs filed with this Commission do not contain a table of contents. Further, the Commission is greatly concerned about off-bill discounting as a practice in South Carolina. For these reasons, the Commission hereby rules as follows:

1. All tariffs filed by freight carriers, except those subject to maximum rate provisions (dump truck, hazardous wastes, agricultural commodities, etc.) must contain at least the minimum requirements as shown in Exhibit A attached to this Order.
2. All multi-page tariffs must contain a table of contents.
3. No off-bill discounting is allowed.

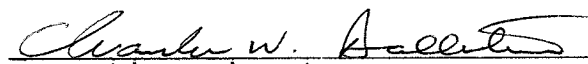
The Commission believes that these changes will help Staff review filed tariffs before this Commission. The Commission reserves the right to issue further Orders in this Docket in the future.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

EXHIBIT A

SOUTH CAROLINA PUBLIC SERVICE COMMISSION

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MINIMUM REQUIREMENTS FOR TARIFFS BY MOTOR CARRIERS

1. Complete name of carrier, mailing address, street address, phone number (with area code if outside S.C.), person to contract.
2. Tariff number, example: SCPSC (South Carolina Public Service Commission), alpha code or carrier initials, number _____, date tariff issued, such as SCPSC ABCD No. _____.
3. Type of Tariff, example: Rates, Charges, Rules, Mileage. If separate tariffs are issued for rates, charges, rules, mileages, etc. each tariff must show on the first page the type of tariff.
4. Description of Authority and territory, example: (CIG) Commodities In General, etc.
5. Any rules concerning the operations of the carrier must be in the tariff. Rules such as hours, days of operation, if not operating on holidays, the name of the holidays, claims for loss or damage of cargo, how mileage is determined, rules concerning rates and charges applications, etc..
6. If a tariff is composed of more than 6 pages a table of contents must be shown on the second page.
7. Tariffs must contain all rates and charges for transportation that are billed to and paid by the shipper or receiver requesting and receiving transportation.
8. Rates and charges must be stated as to how they apply, example: per loaded mile, by weight, less than truck load, truck load, per unit, minimum charge, etc.